

BEFORE THE DEPARTMENT OF LABOR AND INDUSTRY
AND THE BOARD OF PUBLIC ACCOUNTANTS
STATE OF MONTANA

In the matter of the amendment of)	NOTICE OF PUBLIC HEARING ON
ARM 24.101.413 renewal dates and)	PROPOSED AMENDMENT,
requirements, 24.201.202 public)	ADOPTION, AND REPEAL
participation, 24.201.301 definitions,)	
24.201.401 board meetings,)	
24.201.410 fee schedule, 24.201.415)	
use of CPA/LPA designation,)	
24.201.501, 24.201.502, 24.201.510,)	
24.201.516, 24.201.517, 24.201.524,)	
24.201.528, 24.201.529, 24.201.531,)	
24.201.535, and 24.201.537 licensing)	
and examinations, 24.201.704,)	
24.201.705, 24.201.707 acts,)	
24.201.708, 24.201.718, and)	
24.201.720 professional conduct)	
rules, 24.201.1103 peer review)	
enrollment, 24.201.1108 alternatives)	
and exemptions, 24.201.2101,)	
24.201.2106, 24.201.2114,)	
24.201.2120, 24.201.2124,)	
24.201.2136, 24.201.2137,)	
24.201.2138, 24.201.2145,)	
24.201.2148, and 24.201.2154)	
renewal and continuing education,)	
24.201.2401 anonymous complaints,)	
24.201.2402 exercise of practice)	
privilege, 24.201.2410 enforcement)	
against licensees, the adoption of)	
NEW RULE I applicant by exam, and)	
the repeal of 24.201.518 examination)	
credits, 24.201.536 requirements for)	
previously held certificates,)	
24.201.2108 who must comply,)	
24.201.2113 nonresident holders,)	
24.201.2121 standards for CPE)	
program development, and)	
24.201.2411 enforcement procedures)	

TO: All Concerned Persons

1. On August 28, 2014, at 1:00 p.m., a public hearing will be held in the Large Conference Room, 301 South Park Avenue, 4th Floor, Helena, Montana, to consider the proposed amendment, adoption, and repeal of the above-stated rules.

2. The Department of Labor and Industry (department) will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, contact the Board of Public Accountants (board) no later than 5:00 p.m., on August 23, 2014, to advise us of the nature of the accommodation that you need. Please contact Grace Berger, Board of Public Accountants, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513; telephone (406) 841-2244; Montana Relay 1 (800) 253-4091; TDD (406) 444-2978; facsimile (406) 841-2323; or dlibsdpac@mt.gov (board's e-mail).

3. GENERAL STATEMENT OF REASONABLE NECESSITY: The board convened a task force to assist in streamlining and simplifying the board rules. As a result of this review, the task force made recommendations to the board to amend the rules in several areas and more clearly reflect actual requirements for licensing, fees, educational requirements and experience, peer review, retired status, and other matters that generate questions to the board staff. The board has combined several sections of amendments in this notice for cost efficiency by avoiding the expense of multiple rule notices. Unless otherwise stated, the amendments only clarify requirements, but add no additional burden to current licensees, registered firms, or new applicants.

4. The department is proposing to amend the following rule. The rule proposed to be amended provides as follows, stricken matter interlined, new matter underlined:

24.101.413 RENEWAL DATES AND REQUIREMENTS (1) through (5)(ae) remain the same.

(af)	Public Accountants	Certified Public Accountant	Annually	December 31
		Licensed Public Accountant	Annually	December 31
		<u>Firm Registration</u>	<u>Annually</u>	<u>December 31</u>

(ag) through (7) remain the same.

AUTH: 37-1-101, 37-1-141, MCA
IMP: 37-1-101, 37-1-141, MCA

REASON: The board determined it is reasonably necessary to add the annual firm registration deadline date to the renewal rule. The annual registration of firms is mandatory by board statute, but the deadline had been previously set by policy. The department is amending this rule to place the date in rule and provide notice to firms and the general public of the annual registration requirement deadline.

5. The board is proposing to amend the following rules. The rules proposed to be amended provide as follows, stricken matter interlined, new matter underlined:

24.201.202 PUBLIC PARTICIPATION RULES (1) ~~The board of public accountants~~ Board of Public Accountants hereby adopts and incorporates by this reference, the public participation rules of the Department of Commerce as listed in Title 8, chapter 2, of Title 8 except that the board does not adopt ARM 8.2.202(1)(b), which allows for public participation in the granting or denying of a license for which a hearing is required. The public is entitled to observe, but not participate in the licensing decisions and other contested cases as allowed by law.

AUTH: 37-50-201, 37-50-203, MCA

IMP: 2-3-102, MCA

REASON: The board determined it is reasonably necessary to amend its public participation rule to reflect the ability for the public to observe the deliberations of the board, but not participate in contested cases. The authority for contested cases lies with the board and the public does not have a right to participate in the decision-making process.

24.201.301 DEFINITIONS (1) "AICPA" means the American Institute of Certified Public Accountants.

~~(4)(2)~~ "Certificate holder" means a person holding a CPA certificate issued by the board pursuant to 37-50-302, MCA, who has met the educational, but not the experience requirement and cannot practice public accounting in Montana.

(2) remains the same, but is renumbered (3).

(4) "Commission" means compensation for recommending or referring any product or services to be supplied by another person or entity.

(5) "Contingent fee" means a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged, unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. Solely for purposes of this rule, fees are not regarded as being contingent if fixed by courts or other public authorities, or in tax matters, if determined based on the result of judicial proceeding or the finding of governmental agencies. A firm's permit holder's or practice privilege holder's fees may vary depending, for example, on the complexity of services.

(6) "CPAES" means NASBA CPA Examination Services.

(7) "Engagement review report" means a peer review where the peer reviewer evaluates and reports on whether engagements submitted for review by the firm are performed and reported on in conformity with applicable professional standards in all material respects.

~~(3) (8)~~ "Engagement peer review report rating of 'Fail'" means the engagements submitted for review by the review practice unit firm for the peer review year ended were not performed and/or reported on in conformity with applicable professional standards in all material respects.

~~(4) (9)~~ "Engagement peer review report rating of 'Pass'" means that nothing came to the reviewer's attention that caused him/her to believe that the engagements submitted for review by the review practice unit firm for the peer

review year ended were not performed and reported on in conformity with applicable professional standards in all material respects.

~~(5) (10) "Engagement peer review report rating of 'Pass with deficiencies'" means except for the deficiencies described in the report, nothing came to the reviewer's attention that caused him/her to believe the engagements submitted for review by the review practice unit firm for the peer review year ended were not performed and reported on in conformity with applicable professional standards in all material respects.~~

~~(6) remains the same, but is renumbered (11).~~

~~(7) "Firm" means a proprietorship, partnership, or professional corporation engaged in the practice of public accounting.~~

~~(8) "Licensee" means a certificate, license, or permit holder.~~

~~(9) "License holder" means a person holding a license issued by the board pursuant to 37-50-303, MCA.~~

~~(12) "GAAP" means the generally accepted accounting principles.~~

~~(13) "Hour" of instruction is equal to 50 minutes of instructional time. One-half continuing education credit increments (equal to 25 minutes) are permitted after the first credit has been earned in a given learning activity.~~

~~(14) "IQAB" means the International Qualifications Appraisal Board.~~

~~(15) "MSCPA" means the Montana Society of Certified Public Accountants.~~

~~(10) remains the same, but is renumbered (16).~~

~~(17) "PCAOB" means the Public Company Accounting Oversight Board that conducts firm inspections of certified public accounting firms' SEC issuer practices and other engagements subject to its inspection process.~~

~~(11) (18) "Peer review" means a review under a formal peer review program sponsored by the American Institute of Certified Public Accountants (AICPA), or the Montana Society of Certified Public Accountants (MSCPA) or their successors, or such other formal peer review programs approved by the Board of Public Accountants (board) board-approved study, appraisal, or review of one or more aspects of the attest or compilation work of a permit holder of a registered firm in the practice of public accounting, by a person or persons who hold licenses in this or another jurisdiction, and who are not affiliated with the person or firm being reviewed.~~

~~(12) "Peer review report 'Failed'" means the system of quality control for the accounting and auditing practice of the reviewed practice unit, in effect for the year most recently ended, has not been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.~~

~~(13) "Peer review report 'Pass'" means the system of quality control for the accounting and auditing practice of the reviewed practice unit, in effect for the year most recently ended, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.~~

~~(14) "Peer review report 'Pass with deficiencies'" means except for the deficiencies described in the report, the system of quality control for the accounting and auditing practice of the reviewed practice unit, in effect for the year most recently ended, has been suitably designed and complied with to provide the firm~~

~~with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.~~

(19) "Peer review programs" means the sponsoring organization's entire peer review process, including, but not limited to, the standards for administering, performing, and reporting on peer reviews, oversight procedures, training, and related guidance materials.

(20) "Peer review reports" means reports issued by the peer reviewer/reviewing firm in accordance with the peer review standards.

(21) "Peer review standards" means the board-approved professional standards for administering, performing, and reporting on peer reviews.

(22) "Peer reviewer/reviewing firm" means a certified public accountant/accounting firm responsible for conducting the peer review holding a valid and active license to practice public accounting in good standing by this state or some other state and meets the peer reviewer qualifications to perform peer reviews established in the board-approved peer review standards.

~~(15)~~ (23) "Permit holder" means a person holding who meets the educational and the experience requirement and holds an annual active permit to practice public accounting issued by the board pursuant to 37-50-314, MCA.

(16) and (17) remain the same, but are renumbered (24) and (25).

~~(18) "Practice unit" means:~~

~~(a) each licensee who practices public accounting as an individual or sole proprietor;~~

~~(b) a sole proprietorship, partnership, or professional corporation that practices public accounting; or~~

~~(c) a governmental organization that employs a licensee in a public accounting capacity.~~

(19) and (20) remain the same, but are renumbered (26) and (27).

(28) "Report acceptance body (RAB)" means the sponsoring organization's committee responsible for, but not limited to, the acceptance of peer review documents.

(29) "SSARS" means the statements on standards for accounting and review services.

(30) "Sponsoring organization" means a board-approved professional society or other organization responsible for the facilitation and administration of peer reviews through the use of its peer review program and peer review standards.

(31) "System review" means a peer review intended to provide the peer reviewer with a reasonable basis for expressing an opinion on whether, during the year under review:

(a) the reviewed firm's system of quality control for its accounting and auditing practice has been designed in accordance with quality control standards; and

(b) the reviewed firm's quality control policies and procedures were being complied with to provide the practice unit with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

(32) "System review report with a rating of 'Failed'" means that due to the significant deficiencies identified in the report, the system of quality control for the

accounting and auditing practice of the reviewed firm, in effect for the year most recently ended, has not been suitably designed or complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

(33) "System review report with a rating of 'Pass'" means the system of quality control for the accounting and auditing practice of the reviewed firm, in effect for the year most recently ended, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

(34) "System review report with a rating of 'Pass with deficiencies'" means that except for the deficiencies described in the report, the system of quality control for the accounting and auditing practice of the reviewed firm, in effect for the year most recently ended, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

REASON: The board is amending the definitions rule to clearly describe various terms that are used throughout board rules. The accounting profession references and uses acronyms in the general course of daily practice and defining these terms will provide licensees and public with the information necessary to understand the procedures and requirements of the board.

Further defining "Certificate holder" will clarify that such person has not met all the requirements to be issued a permit to practice in Montana and provide the added clarity when determining the level of licensure of an individual.

The board is adding "Commission" and "Contingent fee" definitions to clarify the terms as used in the Professional Conduct Rules. These definitions will help the practitioner determine when these types of fees can or cannot be used for public accounting services.

It is reasonably necessary to add definitions of "Engagement review report" at (7)-(10), and "System review report" at (31)-(34), and the possible ratings of those reports, to specify what is evaluated in a peer review. The board concluded that current rules lump all types of services requiring peer review and associated ratings into one general peer review rating system. Separating these two types of reviews and the possible ratings will provide more detailed information on the type of peer review performed on practitioner work product and the meaning of the individual work product rating.

To consolidate all definitions, the board is relocating the definition of "Hour of instruction" from the continuing education rules to (13) of this rule.

The board is deleting the definition of "Licensee" to reduce confusion caused by using similar terminology with multiple meanings. Public accounting statutes reference two distinct license licensee types: a CPA (certified public accountant) and a LPA (licensed public accountant). The current definition of licensee, which includes both a certificate holder and a license holder, as well as someone who holds a permit to practice, is confusing.

The board is deleting the generic "peer review" report definitions from (12)-(14) and instead defining the specific types of peer review reports in (7)-(10) and (31)-(34).

It is reasonably necessary to amend the "peer review" definitions in (18)-(20) to align with the terms used in the Uniform Accountancy Act and in response to licensees practicing in multiple jurisdictions.

The board is adding a definition of "Peer review standards" at (21) to identify the professional standards to be used when completing a peer review. The board must approve such standards and outline how the peer review program is administered and the associated reporting requirements.

It is reasonably necessary to define "Peer reviewer/reviewing firm" to clearly delineate who is qualified and eligible to perform peer reviews. The reviewing firm must meet the qualifications specified by the board-approved peer review standards and must have an active permit to practice to qualify as a reviewer.

The board is amending "Permit holder" at (23) to clarify that this practitioner meets all education and experience requirements to hold a permit to practice.

The board is deleting the definition of "Practice unit" as the term is confusing. Board statutes require a "firm," as defined in statute, to register with the board, but the term "practice" unit means the same as "firm." It is unnecessary to define and use the term "practice unit" when "firm" clearly identifies to whom a rule applies.

It is reasonably necessary to add the definition of "Report acceptance body" to identify the committee authorized to accept peer review report documents. This is the body that will collect and track the receipt of peer review documents for the board-approved organization responsible for performing peer reviews.

The board is adding the definition of "Sponsoring organization" to identify the entity responsible for administering a board-approved peer review program. The sponsoring organization has a peer review program and standards in place that meet the requirements of the board and have been approved to offer a board-approved peer review program.

24.201.401 BOARD MEETINGS (1) The presiding officer shall preside at all meetings and shall perform such duties as the board may direct. At any meeting at which the presiding officer is absent, the ~~members present will, by a majority vote, select a temporary secretary will serve as the~~ presiding officer ~~for the meeting.~~

(2) and (3) remain the same.

AUTH: 37-50-201, 37-50-203, MCA

IMP: 37-50-201, 37-50-203, MCA

REASON: The board determined it is reasonable to specify that the secretary will serve as the presiding officer in the absence of the board-elected presiding officer. While this has been the board's practice for some time, the board is now placing the process in rule to clearly delineate who will preside over such meetings.

24.201.410 FEE SCHEDULE (1) remains the same.

(a) ~~Certified public accountant out-of-state application~~

<u>300</u>	<u>Permit by credentialing application (transfer of grades and licensure)</u>	<u>\$150</u>
	(b) Transfer of grades (all parts)	150
	<u>(b) Permit by examination application</u>	<u>150</u>
	<u>(c) Permit by international reciprocity application</u>	<u>300</u>
	<u>(d) Certificate by credentialing application</u> <u>(transfer of grades and licensure)</u>	<u>225</u>
	<u>(e) Certificate by examination application</u>	<u>75</u>
	<u>(f) Certificate by international reciprocity application</u>	<u>225</u>
	(e) (g) Annual <u>Renewal</u> fee for nonpermit <u>certificate</u> holder, <u>license holder, and inactive permit holder</u>	75
	(d) (h) Annual <u>Renewal</u> fee for permit to practice	150
	(e) Application as applicant for examination	50
	<u>(i) Examination fees are payable to the national testing service under</u> <u>contract with the board.</u>	
	(f) (j) Late fee for failure to comply with CPE requirements in accordance with ARM 24.201.2106 <u>CPE extension request</u>	125
	(g) Late fee for failure to submit CPE reporting form within one month following the end of the CPE reporting year	50
	(h) Fees for profession monitoring program reviews:	
	(i) audits	600
	(ii) reviews	350
	(iii) compilations with disclosures	350
	(iv) compilations without disclosures	200
	(i) Late fee for failure to timely file quarterly reports by practice units under pre-issuance review	125
	(j) Late fee for failure to timely file profession monitoring program reports	
	(i) less than 31 days late	150
	(ii) more than 30 days late	600
	<u>(k) Permit holder restored to active status</u>	<u>150</u>
	<u>(l) Upgrade certificate/license to permit holder</u>	<u>150</u>
	(2) remains the same.	
	(3) <u>Fees <u>Application fees, renewal fees, and fees</u> paid directly to a contractor</u> are not refundable by the board.	

AUTH: 37-1-134, 37-50-203, 37-50-204, MCA

IMP: 37-1-134, 37-1-141, 37-50-204, 37-50-314, MCA

REASON: The board is amending the fee schedule to reflect the true charge assessed to each application type. Currently, an out-of-state or transfer of grade permit or certificate applicant is assessed the out-of-state or transfer fee in addition to an application fee. It is confusing for applicants who are assessed both fees when someone could interpret the current fee schedule as only requiring one fee. The board is amending (1)(a) – (h) to clearly set forth these fees, combining into a

single fee where applicable, and give clear notice of the true costs of applying for the certificate/permit.

The board contracts with NASBA to administer the examination program and all examination fees are charged by NASBA and paid directly to that entity. The board is adding (1)(i) to clarify that the fees charged by NASBA for examination applications are set and collected by NASBA.

It is reasonably necessary to add (1)(j) and establish a fee for CPE extension requests. This fee will cover the cost of processing extension requests and for the board to review, follow up, and track the requests as allowed by ARM 24.201.2154. This is not a new fee, but was formerly identified as a fee for failure to meet current CPE requirements. The board is amending this to clearly identify the actual nature of the fee and when it applies.

The board is eliminating the fee charged for late filing of the CPE reporting form. The board no longer requires the form, which has not been used in over a year. This fee was inadvertently left in place at the time of the process change.

It is reasonably necessary to strike former (1)(h)-(j) and eliminate all fees associated with the board-sponsored profession monitoring program. That program has been eliminated and replaced with board-approved mandatory peer review administered by a board-approved entity.

The board determined it is reasonably necessary to add (1)(k) and set a fee to restore an inactive permit to active. This activity requires processing and analysis by the Education/Audit Unit and board time to review the application and CPE documentation and ensure the application meets all requirements. The renewal fee for an inactive permit is half of the renewal fee for an active permit holder, and current practice is to charge restoration applicants the difference between the active and inactive renewal fee. The new fee will cover board/staff expenses in evaluating and processing these applications. This change will affect approximately 15 licensees and result in additional revenue of \$1,125.00.

It is reasonable to establish a fee for a current certificate holder to apply for an initial permit to practice since this is an elevation in license status. Currently, the board charges a fee to obtain the permit that equals the difference between the certificate fee and the permit fee. This additional application requires additional board review and analysis which justifies the proposed increase in application fee. This change will affect ten licensees and generate additional revenue of \$750.00.

The board is amending (3) to clarify that application fees and renewal fees are not refundable by the board. Application fees cover the board's expenses associated with receiving, processing, and reviewing applications. Once an application is received, those fees are earned. Renewal fees are set by the department and cannot be waived by the board.

24.201.415 USE OF CPA/LPA DESIGNATION (1) ~~Montana certificate or license holders~~ An individual whose principal place of business is in Montana, who ~~are~~ is not otherwise in the practice of public accounting, but providing financial or consulting services to the public, must have ~~permits~~ a permit to practice if they hold themselves out to the public in any manner as a CPA or LPA.

(2) and (3) remain the same.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-301, 37-50-325, 37-50-335, MCA

REASON: The board determined it is reasonably necessary to amend this rule and clarify that a person who holds a certificate or license issued by the board and who is offering financial or consulting services, even in private industry, must have a permit to practice if they represent to the public that they are a CPA or LPA. If a person holds a certificate and does not perform public accounting, but wants to hold themselves out as a CPA or LPA, they must have a permit to practice. Current rule language has resulted in confusion among certificate holders and numerous questions to board staff.

24.201.501 EDUCATION REQUIREMENTS (1) An applicant who has examination scores for an examination administered prior to or in May 1996, ~~or an applicant who wishes to transfer grades for an examination taken prior to or in May 1996, must, prior to certification or licensure, have:~~

~~(a) graduated from a college or university accredited then (or at the time of the applicant's graduation) to offer with:~~

~~(a) (i) a baccalaureate degree, with a concentration in accounting, including 24 semester hours (36 quarter hours) of accounting, auditing, and tax courses, and 18 semester hours (27 quarter hours) in other areas of business such as business law, management, marketing, economics, and finance. The other areas of business shall include no more than six semester hours (nine quarter hours) in one area; or~~

~~(b) (ii) a baccalaureate degree, with a concentration other than accounting, if supplemented by and five years of employment experience which the board considers to be an equivalent education at a public accounting firm, or in industry or government in a responsible financial position; or~~

~~(c) (iii) a baccalaureate degree, with a concentration other than accounting, if supplemented by and related courses in other areas of business administration which the board considers to be an equivalent education; including 24 semester hours (36 quarter hours) of accounting, auditing, and tax courses, and 18 semester hours (27 quarter hours) in other areas of business such as business law, management, marketing, economics, and finance.~~

~~(d) a concentration in accounting will be interpreted by the board to include 24 semester hours (36 quarter hours) of accounting, auditing, and tax courses, and 18 semester hours (27 quarter hours) in other areas of business such as business law, management, marketing, economics, and finance. The 18 semester hours (27 quarter hours) shall include no more than six semester hours (nine quarter hours) in one area;~~

~~(e) supplemental experience will be interpreted by the board to be five years of employment by a public accounting firm, or five years of employment in industry or government in a responsible financial position;~~

~~(f) a concentration other than accounting, if supplemented by related courses in other areas of business, will be interpreted by the board to include 12 semester hours (18 quarter hours) of accounting, auditing, and tax courses and nine semester hours (14 quarter hours) in other areas of business such as business law, management, marketing, economics, and finance. The nine semester hours (14~~

~~quarter hours) shall include no more than three semester hours (five quarter hours) in one area.~~

(2) An applicant who has examination scores for an examination administered in November 1996 or May 1997, ~~or an applicant who wishes to transfer grades obtained for November 1996 or May 1997 examinations,~~ must have:

(a) completed 24 semester hours (36 quarter hours) of accounting, auditing, and tax courses, and 18 semester hours (27 quarter hours) in other areas of business such as business law, management, marketing, economics, and finance. The 18 semester hours (27 quarter hours) shall include no more than six semester hours (nine quarter hours) in one area; and

~~(a) (b) Subsequent to successful passage of the exam, the applicant, to be certified or licensed as a public accountant, must have graduated from a college or university then accredited to offer a baccalaureate degree~~ subsequent to passing the exam.

(3) An applicant who has examination scores for an examination administered in November 1997 or thereafter; ~~or an applicant whose approved application for examination has expired and is making reapplication for an examination after November 1997, or an applicant who applies by transfer of grades who has examination scores for an examination administered in November 1997 or thereafter,~~

(a) must have completed the following education from an accredited four-year institution at the time of applying, to sit for the exam:

~~(a) (i)~~ at least 24 semester hours (36 quarter hours) of accounting courses ~~taken from a four-year institution and~~ above the introductory level, to include one course in each of the following:

(i) through (iv) remain the same, but are renumbered (A) through (D).

~~(b) (ii)~~ at least 24 semester hours (36 quarter hours) in nonaccounting, general business courses. Examples of business courses include information systems, business law, finance, economics, marketing, ethics, organizational behavior, quantitative applications in business, and communication skills; and

(iii) practical experience may not be used to fulfill any part of the academic requirement.

~~(4) Subsequent to successful passage of the examination, the applicant, to be certified or licensed as a public accountant, must have:~~

~~(a) graduated from an accredited college or university with a baccalaureate degree; and~~

~~(b) successfully completed at least 150 semester hours (225 quarter hours) of credit.~~

(5) remains the same, but is renumbered (4).

~~(6) (5)~~ Any foreign-obtained education must be evaluated by the Foreign Academic Credentials Service, Inc. (FACS) in reference NASBA International Evaluation Services and be determined equivalent to Montana's education requirements. That evaluation must be provided to CPAES.

~~(7) (6)~~ Applicants who did not sit for the exam as a Montana candidate must submit official transcripts for all domestic education to ~~NASBA's CPA Examination Services (CPAES)~~ for evaluation in reference to Montana's education requirements.

~~(8) Montana exam candidates should be aware that the requirements outlined in (3) do not meet the requirements to obtain initial licensure in several U.S. jurisdictions and may inhibit the individual from seeking initial licensure in other U.S. jurisdictions if not licensed in Montana first.~~

(9) remains the same, but is renumbered (7).

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-302, 37-50-303, 37-50-305, MCA

REASON: The board determined it is reasonably necessary to amend this rule to simplify and clarify the education requirements needed to qualify for the examination. As the examination and education requirements have changed over the years, the board has attempted to identify what those education requirements would have been in respect to when an examination was taken and passed. The board is amending the order and format to provide a simplified method to determine education requirements at the time of examination passage.

24.201.502 ACCOUNTING AND AUDITING EXPERIENCE

REQUIREMENTS (1) To be issued an initial permit to practice ~~under 37-50-203, MCA~~, an applicant must provide evidence of acceptable accounting and auditing experience.

(2) remains the same.

(a) is attested to by a holder of a permit to practice that was current at the time of attestation ~~or for military experience evaluated by the board based on information provided by the applicant's commanding officer; and~~

(b) and (c) remain the same.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-325, MCA

REASON: The board is amending this rule to clarify the experience acceptable to obtain a permit to practice after concluding that the current format is confusing and cumbersome. The board is attempting to streamline and clarify the language, but is not changing the intent or substance of the requirements.

24.201.510 EXAMINATIONS CERTIFIED PUBLIC ACCOUNTANT

EXAMINATION (1) ~~All applicants shall~~ Prior to submitting an application to sit for the examination, the examination candidate must meet the educational requirements of ARM 24.201.501, prior to submission of an application and All examination candidates must be approved by the board or its designee to sit for the examination.

(2) ~~Before being issued a certificate as a certified public accountant or registered as a licensed public accountant (except applicants being registered as licensed public accountants under 37-50-304, MCA), all applicants shall pass the professional ethics for CPAs course developed by the American Institute of Certified Public Accountants (AICPA).~~

~~(3) The board adopts the development and scoring services of the AICPA and the computer delivery and digital photograph services by the board's contractors.~~

(2) The Uniform Certified Public Accountant exam is the recognized and acceptable qualifying examination.

~~(4) (3) Each examination candidate application must be accompanied by a non-refundable fee and all required supporting documents, including three moral character references, and transcripts and Foreign Academic Credentials Service, Inc. (FACS) evaluations of foreign credentials, as appropriate.~~

(4) In addition to all other supporting documents, all foreign credentials must be accompanied by an evaluation by NASBA International Evaluation Services.

~~(5) The passing score on each section is 75, subject to the granting of credit requirements of ARM 24.201.516.~~

~~(6) remains the same.~~

~~(7) Eligible applicants examination candidates shall make the necessary contacts to schedule the time and place for examination at an approved test site and pay all applicable fees. Once the applicant examination candidate obtains a notice to schedule from the board or the board's contractor, the applicant examination candidate has six months to sit for the scheduled test section(s). If the time expires without sitting for the test section(s) applied for, the applicant examination candidate shall reapply.~~

~~(8) An applicant examination candidate who fails to take the examination as scheduled forfeits all application fees.~~

AUTH: 37-1-131, 37-50-204, MCA

IMP: 37-1-131, 37-50-204, 37-50-302, 37-50-303, MCA

REASON: The board is amending the catchphrase to clearly identify that the examination referenced in the rule is the certified public accountant exam. The board is amending (1) to specify that, although the board retains the responsibility of approval of exam candidates, they have determined that delegation of this responsibility at times is appropriate.

The board is amending the rule throughout to utilize terminology that differentiates between an exam candidate and a licensure applicant. An exam candidate is someone still in the examination phase, while an applicant has passed the exam and is applying with the board for a certificate license or permit.

It is reasonably necessary to strike (2) and relocate the ethics course requirement to New Rule I in this notice.

The board is striking (3) as unnecessary because the board contracts with NASBA for exam processing, and it is actually NASBA who works with AICPA.

The board is amending the rule to transfer the evaluation of foreign credentials to the NASBA International Evaluation Services from the Foreign Academic Credentials Service. Since exam candidates must apply to NASBA when taking the exam, this change will further streamline the process and decrease fees to the candidate.

24.201.516 GRANTING OF EXAMINATION CREDIT (1) ~~Upon implementation of the computer-based~~ An examination, ~~an applicant candidate~~ may take test sections individually and in any order. ~~Credit for any~~ Any test section(s) passed is valid for 18 months from the actual date the ~~applicant~~ examination candidate took the test section.

~~(a) (2)~~ ~~An applicant for a certificate as a certified public accountant needs to pass all~~ All four test sections must be passed within a rolling ~~an~~ 18-month period, which begins on the date the first test section that was passed was taken, and ends on the last day of the last month of that 18-month period. ~~An applicant~~ examination candidate may take any section of the examination up to four times during a one-year period but cannot retake any failed test section in any one three-month testing period. In the event all four test sections are not passed in the rolling ~~an~~ 18-month period, credit for any test section passed outside the 18-month period will expire and that test section must be retaken.

~~(b)~~ ~~An applicant for a license as a licensed public accountant needs to pass any three test sections within a rolling 18-month period, which begins on the date the first test section was passed and ends on the last day of the last month of that 18-month period. An applicant may take any section of the examination up to four times during a one-year period, but cannot retake any failed test section in any one three-month testing period. In the event three test sections are not passed in the rolling 18-month period, credit for any test section passed outside the 18-month period will expire and that test section must be retaken.~~

(2) remains the same, but is renumbered (3).

AUTH: 37-50-204, MCA

IMP: 37-50-204, 37-50-302, 37-50-303, MCA

REASON: The board determined it is reasonably necessary to amend this rule to eliminate confusion and clarify the granting of exam credits by updating for current terminology and processes.

The board is deleting (1)(b) to eliminate exam requirements for the licensed public accountant level of licensure since the category is no longer recognized and there are very few LPAs currently practicing. The board intends to seek future legislation to update board statutes similarly.

24.201.517 ACCEPTANCE OF EXAMINATION CREDITS (1) ~~In order for credits for passing the Uniform Certified Public Accountant Examination to be recognized by the board, an~~ An applicant who has never held a certificate as a certified public accountant, ~~or a license as a licensed public accountant~~ in any jurisdiction must have earned ~~these credits~~ passed the examination under circumstances comparable to those applicable to Montana applicants at the time ~~those credits were earned~~ of examination. ~~Those circumstances and conditions include the conditioning requirements for accumulation of examination credits, if the applicant did not pass all required parts of the examination on the first attempt.~~

AUTH: 37-1-131, 37-50-203, 37-50-309, MCA

IMP: 37-50-302, 37-50-303, 37-50-309, MCA

REASON: The board determined it is reasonably necessary to amend this rule to clarify that applicants for a certificate, license, or permit to practice who have not been licensed in another jurisdiction, must pass the exam under conditions imposed on Montana exam candidates. The current language is confusing for applicants.

The board is also amending this rule to remove language regarding the licensed public accountant level of licensure since the category is no longer recognized and there are very few LPAs currently practicing. The board intends to seek future legislation to update board statutes similarly.

Authority citations are being amended to provide the complete sources of the board's rulemaking authority.

24.201.524 CHEATING (1) Cheating, falsifying, or misrepresentation of information by an applicant examination candidate in applying for, taking, or subsequent to taking the examination will invalidate any score otherwise earned by an applicant on any test section of the examination and shall disqualify the examination candidate from taking the examination for a period of time. Examination candidates must adhere to the requirements of the examination provider found in the NASBA Candidate Handbook. ~~Cheating may warrant summary expulsion from the test site, and disqualification by the board from taking the examination for a specified period of time. For purposes of this rule, the following actions or attempted activities, among others, are considered cheating:~~

~~(a) falsifying or misrepresenting education credentials or other information required for admission to the examination;~~

~~(b) communication between applicants inside or outside the test site or copying another applicant's answers while the examination is in progress;~~

~~(c) communication with others inside or outside the site while the examination is in progress;~~

~~(d) substitution of another person to sit in the test site in place of an applicant;~~

~~(e) reference to crib sheets, textbooks or other material, or electronic media (other than that provided to the applicant as part of the examination) inside or outside the test site while the examination is in progress;~~

~~(f) violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so; or~~

~~(g) retaking or attempting to retake a test section by an individual holding a valid certificate or by an applicant who has unexpired credit for having already passed the same test section, unless the individual has been directed to retake a test section pursuant to board order or unless the individual has been expressly authorized by the board or testing service to retake the test section.~~

AUTH: 37-50-204, MCA

IMP: 37-50-204, 37-50-302, 37-50-303, MCA

REASON: The board is amending this rule to remove specific examples of cheating behavior, as the conduct of exam candidates during an exam is the sole purview of

the exam provider. The board should notify exam candidates that they must adhere to those established rules, but the board does not set such rules.

24.201.528 LICENSURE OF OUT-OF-STATE APPLICANTS SEEKING A MONTANA CERTIFICATE, LICENSE, OR PERMIT

(1) The board may issue a certificate, license, or permit to practice to a certificate holder of a current and unencumbered certificate, license holder, or permit holder in good standing from to practice issued under the laws of another jurisdiction upon the applicant's meeting the applicable who meets the requirements established under 37-50-203, in 37-50-302, or 37-50-303, and 37-50-314, MCA, and the rules established thereunder.

~~(2) An individual whose principal place of business is out of state and who qualifies for the practice privilege is exempt from permitting or licensing requirements pursuant to 37-50-325, MCA.~~

~~(3)~~ (2) The board may waive the education requirements and issue a certificate, license, or permit to practice to a holder of a certificate, license, or permit issued by another jurisdiction, upon the applicant's showing that The applicant must show they:

(a) ~~the applicant~~ passed the examination required for issuance of the applicant's certificate, or license, or permit with grades that would have been passing grades at the time in this state;

(b) ~~the applicant has had five~~ four years' experience in the practice of public accountancy after passing the examination upon which the applicant's certificate, or license, or permit was based, within the ten years immediately preceding the application;

(c) ~~the applicant's~~ maintained a certificate, license, or permit ~~was issued for~~ more than four years prior to the application for issuance of an initial certificate, license, or permit in this state; and

(d) passed the professional ethics for CPAs course developed by the AICPA; and

~~(d)~~ (e) ~~the applicant has~~ fulfilled the requirements of continuing professional education established under ARM 24.201.2106.

(4) remains the same, but is renumbered (3).

AUTH: 37-50-203, 37-50-309, MCA

IMP: 37-1-304, 37-1-306, 37-50-309, 37-50-311, 37-50-312, 37-50-313, 37-50-314, 37-50-325, MCA

REASON: The board determined it is reasonable to amend the rule to clarify requirements for out-of-state licensees seeking licensure in Montana. These amendments are intended to streamline the rules and align with other amendments.

The board is removing the reference to the 37-50-203, MCA, as the statute allows the board to adopt rules and is more appropriately located in the rulemaking authority citations following the rule.

The board is striking (2) as it is redundant to state that out-of-state individuals may practice in Montana under practice privilege when it is adequately provided in statute.

24.201.529 LICENSURE OF FOREIGN-TRAINED APPLICANTS SEEKING A MONTANA CERTIFICATE, LICENSE, OR PERMIT (1) ~~The board may grant a certificate, license, or permit to practice to a~~ A foreign-trained applicant if ~~all of the must meet the~~ requirements established under ARM 24.201.528 ~~regarding out-of-state applicants have been met, or by meeting the following requirements:~~

(a) ~~the applicant has met the issuing body's education requirement and has passed the issuing body's examination used to qualify its domestic applicants in a foreign jurisdiction. The board may, in its discretion, will~~ rely on the International Qualifications Appraisal Board (IQAB) for evaluation of foreign credential equivalency or NASBA International Evaluation Services;

(b) ~~the applicant's~~ provide evidence that the foreign and/or domestic credentials ~~must be~~ are valid and in good standing at the time of application;

(c) ~~the applicant must successfully have passed~~ pass a uniform qualifying examination to ensure that the holder possesses adequate knowledge of national practice standards. The board may, in its discretion, rely on the ~~National Association of State Boards of Accountancy (NASBA), the American Institute of Certified Public Accountants (AICPA), or other professional bodies to develop, administer, and grade such a qualifying examination;~~

(d) ~~the applicant must take and pass the open-book~~ professional ethics for CPAs course developed by the AICPA ethics course;

(e) ~~the applicant must provide evidence of having met an equivalent experience requirement obtained under the supervision or direction of a chartered accountant, Instituto Mexicano de Contradores Publicos, Hong Kong Institute of Certified Public Accountants, certified public accountant, or licensed public accountant permitted to practice in the original jurisdiction in order to be issued an initial permit to practice; and~~

(f) ~~the applicant must~~ meet the continuing professional education requirements established under 37-1-306 and ~~37-50-314, MCA, in order to be issued an initial permit to practice; and.~~

(g) ~~the foreign authority granting the designation to the applicant must extend reciprocity to a person who holds a valid certificate, license, or permit to practice issued by this state.~~

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-306, 37-50-311, 37-50-312, 37-50-314, MCA

REASON: The board determined it is reasonably necessary to amend this rule and simplify the requirements for foreign-trained applicants to obtain Montana licensure. The amendments outline current processes and streamline the requirements so they are easily understood and correspond with amendments elsewhere in this notice.

The AICPA ethics course language is amended to mirror the course identification language found elsewhere in the rules. The amendment does not identify a different course but clarifies the currently required course.

The board is amending (1)(e) to add the Hong Kong Institute of Certified Public Accountants as a location of acceptable experience for foreign-trained applicants. The Hong Kong Institute now has a Mutual Recognition Agreement with NASBA, and the board recognizes all jurisdictions with such an agreement.

The board is deleting (1)(g) as unnecessary because only those jurisdictions with reciprocity meet the experience requirement and the IQAB requirements needed to qualify under this method of licensure.

24.201.531 PRACTICE PRIVILEGE (1) remains the same.

(2) The board has determined that all jurisdictions approved by NASBA are deemed to be "substantially equivalent". As of ~~October 2009~~ July 1, 2013, the following jurisdictions are "substantially equivalent":

(a) through (c) remain the same.

(d) all of the states in the United States of America, ~~except Colorado~~.

AUTH: 37-50-203, MCA

IMP: 37-1-306, 37-50-203, 37-50-325, MCA

REASON: The board determined it is reasonably necessary to update this rule to include Colorado as one of the jurisdictions determined by NASBA to be substantially equivalent.

24.201.535 REACTIVATION OF INACTIVE STATUS TO ACTIVE PERMIT - RESTORATION (1) A licensee permit holder may place the license permit to practice on inactive status ~~(certificate/license maintenance)~~ by indicating on the ~~renewal form that inactive status is desired, or by~~ informing the board office, in writing, that an inactive status is desired, ~~and paying the appropriate fee.~~ It is the sole responsibility of the inactive licensee permit holder to keep the board informed as to any change of current address contact information during the period of time the license permit to practice remains on inactive status.

(2) A licensee permit holder may not practice accounting in the state of Montana while the license permit to practice is on inactive status.

(3) An inactive permit holder is required to renew on an annual basis.

~~(3) (4) Upon application and payment of the appropriate fee, the board may reactivate an An~~ An inactive license if the applicant presents permit may be restored to active status by applying for active status, paying the restoration fee, and providing documentation verifying that the applicant has complied compliance with the continuing education rules of the board under ARM 24.201.2106, within the three years immediately preceding the application for reactivation restoration to active status.

~~(4) (5) Montana holders of certificates, licenses, or permits~~ permit holders who use their Montana permit to avail themselves of practice privileges in other jurisdictions, may not place the Montana ~~certificate, license, or permit to practice~~ on inactive status while using the practice privilege.

AUTH: 37-1-319, 37-50-203, MCA

IMP: 37-1-319, 37-50-325, MCA

REASON: The board determined it is reasonably necessary to amend this rule to clarify that only a permit to practice holder may place the permit on inactive status and restore the permit to active status. A license or certificate cannot be placed on

inactive status as those levels of licensure are not eligible to practice public accounting and have no other requirement to maintain their status except to renew.

The board is amending this rule to correct usage of the term "reactivate" to "restore." Reactivation is a term defined in 37-1-141, MCA, and refers to renewing a lapsed or expired license. Restoration refers to changing an inactive permit to practice back to active status.

The board is amending (4) to clarify that a Montana permit holder who uses a Montana permit to practice in other jurisdictions under practice privilege cannot continue to practice in another jurisdiction if the Montana permit is on inactive status.

24.201.537 RETIRED STATUS (1) ~~The holder of a~~ A certificate holder, or license holder, or permit holder who is fully retired from active employment in the practice of public accounting ~~as defined in 37-50-101, MCA,~~ may submit a retired status request ~~form~~ to the board. Upon approval of the request, the individual will be exempt from paying annual renewal fees and CPE requirements. ~~Holders of a permit to practice in retired status will also be exempt from CPE requirements and~~ They may use the designation "CPA (Retired)" or "LPA (Retired)."

(2) An individual on retired status may apply for their certificate, license, or permit to practice to be ~~reactivated~~ restored to active status within two years ~~of the date their license was placed on retired status~~ of the last time the certificate, license, or permit to practice was renewed by complying with all current year renewal requirements. A retired certificate, license, or permit to practice that is not ~~reactivated~~ restored to active status within two years ~~of the date the license was placed on retired status~~ the most recent renewal date automatically terminates. ~~In accordance with 37-1-141, MCA, once~~ Once a certificate, license, or permit to practice status has terminated, it may not be ~~reactivated~~ restored to active status and a new original license must be obtained through application, and all current licensing requirements must be met.

(3) ~~Holders of Montana certificates, licenses, or permits~~ permit holders who use their Montana permit to practice to avail themselves of practice privileges in other jurisdictions, ~~or who are practicing public accounting as defined in 37-50-101, MCA, in other jurisdictions in which they are licensed,~~ may not place their Montana ~~certificate, license, or permit to practice~~ on retired status.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-1-141, 37-50-101, 37-50-325, MCA

REASON: The board is amending this rule to simplify the process for retired status, which allows an individual to use the "CPA retired" or "LPA retired" designation for two years. The board notes that the two-year period provides some time to decide whether to remain on retired status or return to active licensure again. The amendments further clarify that individuals may restore to active status within two years of the last renewal by complying with current year renewal requirements.

24.201.704 INDEPENDENCE (1) Independence, where required by professional standards, is essential to establishing and maintaining the public's faith and confidence in, and reliance on, the information reported on by the ~~licensee,~~

permit holder, or practice privilege holder. A ~~licensee~~, permit holder, or practice privilege holder in the practice of public accounting shall be independent in fact and appearance when engaged to provide services where independence is required by professional standards.

(a) Independence in fact is the state of mind that permits a ~~licensee~~, permit holder, or practice privilege holder to perform an attest service without being affected by influences that compromise professional judgment, thereby allowing the ~~licensee~~, permit holder, or practice privilege holder to act with integrity and exercise objectivity and professional skepticism.

(b) Independence in appearance is the avoidance of circumstances that would cause a reasonable and informed third-party, having knowledge of all relevant information, to reasonably conclude that the integrity, objectivity, or professional skepticism of the ~~licensee~~, permit holder, or practice privilege holder had been compromised.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-325, MCA

REASON: It is reasonably necessary to amend this rule and ARM 24.201.705, 24.201.707, and 24.201.708 because "licensee" is not a generic term for this board. The board is removing the term "licensee" because it indicates a type of license and does not accurately reflect the ability to practice public accounting in Montana.

24.201.705 INTEGRITY AND OBJECTIVITY (1) Integrity is a character trait demonstrated by acting honestly, candidly, and not knowingly misrepresenting facts, accommodating deceit, or subordinating ethical principles. Acting with integrity is essential to maintaining credibility and public trust. It incorporates both the spirit and substance in the application of the ethical and technical standards that govern the profession, or in the absence thereof, what is just and right. A ~~licensee~~, permit holder, or practice privilege holder shall act with integrity in the performance of all professional activities in whatever capacity performed.

(2) Objectivity is a distinguishing feature of the accounting profession and is critical to maintaining the public's trust and confidence. It is a state of mind that imposes the obligation to be impartial and free of bias that may result from conflicts of interest or subordination of judgment. Objectivity requires a ~~licensee~~, permit holder, or practice privilege holder to exercise an appropriate level of professional skepticism in carrying out all professional activities. Although a ~~licensee~~, permit holder, or practice privilege holder may serve multiple interests in many different capacities, objectivity must be maintained. A ~~licensee~~, permit holder, or practice privilege holder shall make a careful assessment of the effects on objectivity of all professional relationships and activities. A ~~licensee~~, permit holder, or practice privilege holder shall maintain objectivity in the performance of all professional activities in whatever capacity performed.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-325, MCA

24.201.707 DISCREDITABLE ACTS (1) A firm, permit holder, ~~certificate holder, license holder,~~ or practice privilege holder shall not commit any act discreditable to the profession. A discreditable act will be considered to have occurred if, for example:

(a) and (b) remain the same.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-325, MCA

24.201.708 DUE PROFESSIONAL CARE (1) Due care imposes upon the ~~licensee,~~ permit holder, or practice privilege holder the obligation to perform professional activities with concern for the best interest of those for whom the activities are performed and consistent with the profession's responsibility to the public. It is essential to preserving the public's trust and confidence. Due care requires the ~~licensee,~~ permit holder, or practice privilege holder to discharge professional responsibilities with reasonable care and diligence and to adequately plan and supervise all professional activities for which the licensee permit holder or practice privilege holder is responsible. A ~~licensee,~~ permit holder, or practice privilege holder shall act with due care in the performance of all professional activities in whatever capacity performed.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-325, MCA

24.201.718 APPLICABLE STANDARDS (1) A ~~licensee,~~ permit holder, or practice privilege holder shall comply with the standards set forth in this rule as applicable under the circumstances and at the time of service when providing professional services. In addition to the applicable standards set forth below, a ~~licensee,~~ permit holder, or practice privilege holder shall comply with the standards issued by other professional or governmental bodies, including international standards-setting bodies with which a ~~licensee,~~ permit holder, or practice privilege holder is required by law, regulation, or the terms of engagement to comply.

(2) The board incorporates by reference the following standards, as they exist as of July 1, ~~2010~~ 2013:

(a) remains the same.

(b) all of the standards promulgated by the ~~Public Company Accounting Oversight Board (PCAOB);~~

(c) all of the auditing standards issued by the ~~American Institute of Certified Public Accountants (AICPA);~~

(d) all of the standards and technical guidance for accounting, valuation, and review services issued by AICPA, including, but not limited to, cash basis, income tax basis, and financial reporting framework for small and medium-sized entities;

(e) through (h) remain the same.

(i) all of the standards for governmental accounting issued by the Government Accounting Standards Board (GASB); ~~and~~

(j) all of the Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board (FASB);

(k) all statements of financial accounting standards issued by the International Accounting Standards Board (IASB); and

(l) all other standards dictated by governmental bodies.

(3) through (3)(c) remain the same.

(d) www.gasb.org; and

(e) www.fasb.org; and

(f) www.ifrs.org.

AUTH: 37-50-203, MCA

IMP: 2-4-307, 37-50-203, 37-50-325, MCA

REASON: It is reasonably necessary to amend this rule because "licensee" is not a generic term for this board. The board is removing the term "licensee" because it indicates a type of license and does not accurately reflect the ability to practice public accounting in Montana.

The board is amending (2)(d) to provide technical guidance issued by AICPA which a licensee utilizes when conducting accounting, valuation, and review services within the practice of public accounting. The board is adding (2)(k) to recognize the International Accounting Standards Board as the standard setter for international accounting. It is reasonably necessary to add (2)(l) to require public accountants performing auditing or other services for government bodies to use the correct standard that applies to the type of governmental accounting being performed. These additions are relatively new and as the CPA profession expands into other areas of practice, it is necessary for the board to maintain the list of standards upon which a licensee can rely while performing their licensed activity.

The board is amending (3) simply to identify where the newly added standards in (2) can be located.

24.201.720 CONFIDENTIALITY (1) A ~~licensee~~, permit holder, or practice privilege holder has an obligation to maintain the confidentiality of information obtained in the performance of all professional activities. Maintaining such confidentiality is vital to the proper performance of the ~~licensee's~~, permit holder's, or practice privilege holder's professional activities. A ~~licensee~~, permit holder, or practice privilege holder shall not use or disclose, or permit others within the ~~licensee's~~, permit holder's, or practice privilege holder's control to use or disclose any confidential client or employer information without the consent of the client or employer. This obligation of confidentiality continues after the termination of the relationship between the ~~licensee~~, permit holder, or practice privilege holder and the client or employer and extends to information obtained by the ~~licensee~~, permit holder, or practice privilege holder in professional relationships with prospective clients and employers.

(a) This rule must not be construed to prohibit a ~~licensee~~, permit holder, or practice privilege holder from disclosing information as required to meet professional, regulatory, or other legal obligations.

(2) remains the same.

AUTH: 37-1-131, 37-50-203, MCA

IMP: 37-1-131, 37-50-203, 37-50-325, MCA

REASON: See reasonable necessity for ARM 24.201.704.

24.201.1103 PEER REVIEW ENROLLMENT (1) ~~Practice units~~ Firms shall enroll in ~~and meet board-approved~~ an approved peer review program standards, and pay the required fees associated with the administration of the peer review, if they perform any of the following services:

(a) through (c) remain the same.

(d) any examination, review, or agreed upon procedures engagements to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE).

~~(2) If a practice unit is required to enroll in a board-approved peer review program, the practice unit must provide to the board the name of the approved peer review program in which the practice unit is enrolled, and the period covered by the practice unit's most recent peer review.~~

~~(3) At renewal of the practice unit, it must provide the results of its most recent peer review.~~

(2) The following peer review documents shall be made available to the board by the sponsoring organization via a secure web site.

(a) The following must be made available within thirty days of the acceptance date:

(i) the peer review report accepted by the sponsoring organization;

(ii) the firm's letter of response, if applicable, accepted by the sponsoring organization; and

(iii) the acceptance letter from the sponsoring organization.

(b) The letters signed by the firm accepting the documents with the understanding that the firm agrees to take any action required by the sponsoring organization, if applicable, must be made available within 30 days of the firm signing the document.

(c) The letter signed by the sponsoring organization notifying the firm that required actions have been appropriately completed, if applicable, must be made available within 30 days of the date of the letter.

~~(4) (3) Every Montana practice unit firm that is required to enroll in a peer review program shall enroll with in the AICPA Peer Review Program or the Montana Society of Certified Public Accountants (MSCPA) Peer Review Program or other such board-approved program and have a completed peer review within that uses AICPA Standards for Performing and Reporting on Peer Reviews or standards deemed equivalent by the board.~~

(4) A firm's due date for its initial peer review shall be 18 months of establishing the practice unit from the date it enrolled or should have enrolled in a board-approved peer review program, except as provided in (5).

(6) The permit holder shall not be required to become a member of any organization administering a board-approved peer review program.

~~(5) A practice unit enrolled in a peer review program that receives a "pass" or "pass with deficiencies," and completes all remediation actions must have a peer~~

~~review completed every three years. A practice unit that receives a "fail" rating must follow peer review program requirements for subsequent peer reviews.~~

~~(6) The peer review completion date for each practice unit enrolled under (2) will be determined by the board, based on the reporting schedule established under the previous board-sponsored profession monitoring program.~~

~~(7) Practice units under the pre-issuance review requirement of the board's previous profession monitoring program will remain under board-monitored pre-issuance review until their next peer review is completed. At that time, (4) will apply.~~

(5) For firms under the board's previous profession monitoring program, the board may determine that the due date for an initial peer review is earlier than the sponsoring organization's peer review standards and guidance.

(a) Firms that were under the board's previous profession monitoring program are required to enroll in a board-approved peer review program by the deadline established by the board.

(b) Firms under the pre-issuance review requirement of the board's previous profession monitoring program will remain under the board monitored pre-issuance review until the initial peer review is completed.

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

REASON: The board determined it is necessary to amend this rule to update to current processes and eliminate references to the practice unit. This is an artificial term created for peer review program purposes. According to statute, it is a firm that is required to register with the board.

The board is clarifying in (1) that the firm enrolled in peer review is responsible for paying the fees associated with the administration of the peer review. Such fees are not set by the board, but are the responsibility of the firm and can be negotiated with the peer reviewer.

The board is amending (1)(d) to reflect the current determination of who must enroll in a peer review program. The board concluded that any work performed under SSAE should fall under the peer review enrollment requirement, not just agreed upon procedures engagements. This amendment simply clarifies what is currently under peer review and is not a change in the procedure.

It is reasonably necessary to add (2) and specifically require that the results of peer reviews be made available to the board electronically through a secure web site. This will allow the board to access the reports without the firm having to send them to the board office, will eliminate confusion on who is reporting the results of a peer review, and allow for timely reporting of the peer review outcomes. While the board has anticipated that the sponsoring organization's acceptance of the peer review report, the firm's response, the firm's acceptance of the results, and the agreement to any follow-up would be part of the report to the board, it was never specified that these are, at a minimum, what is expected and required. The addition of (2) will clearly set forth what must be provided to the board in reporting the results of a peer review.

The board is amending (3) to reiterate that any approved peer review program must meet or be determined equivalent to the AICPA standards for

performing and reporting on peer review. Although not a new requirement, it is not very clear, and the board believes this amendment will clarify the peer review rules adopted in August 2013 and address some of the comments received during that rulemaking process.

The board is striking old (5) because frequency of peer reviews is now dictated by the peer review program, not by the board. When the board approves a program, the board is also accepting this frequency as set by the program.

The board is adding (5) to clarify that the board will set a deadline date for initial peer review of those firms previously under the board-sponsored profession monitoring program. The amendments do not change the intent of the rules, but will clarify current requirements.

24.201.1108 ALTERNATIVES AND EXEMPTIONS (1) remains the same.

(a) out-of-state ~~practice units~~ firms that do not have a physical location in this state, but perform attest or compilation services in this state, and have a peer review in the state in which they are located, and are otherwise qualified for practice privileges; or

(b) ~~practice units~~ firms that prepare financial statements which do not require reports under ~~Statements on Standards for Accounting and Review Services (SSARS) 8~~ as codified in SSARS 19 (management use only compilation reports) and that perform no other attest or compilation services. Such engagements conducted by a firm that is otherwise required to participate in a peer review program shall be included in the selection of engagements subject to peer review.

(2) remains the same.

AUTH: 37-50-203, MCA

IMP: 37-50-203, MCA

REASON: The board is substituting references to "practice unit" with the statutorily defined "firm." It is confusing to use practice unit when referencing peer review requirements since it is actually a firm that must have a peer review.

24.201.2101 RENEWALS ~~(1) Renewal notices will be sent as specified in ARM 24.101.414.~~

~~(2) All certificates, licenses, and permits to practice must be renewed on or before the date set by ARM 24.101.413.~~

~~(3) remains the same, but is renumbered (1).~~

~~(4) The provisions of ARM 24.101.408 apply.~~

~~(5) (2) Every practice unit~~ firm must submit a statement to the board on their original application and at each renewal, which describes the ~~practice unit's~~ firm's level of association with financial statements.

~~(6) A practice unit shall be required to file a statement with the board if they:~~

~~(a) issue reports which indicate an expert knowledge of accounting or auditing; or~~

~~(b) allow their name and designation as a CPA or LPA practice unit to be included on a report that indicates expert knowledge of accounting or auditing.~~

~~(7) A practice unit shall not be required to file a statement with the board if they:~~

~~(a) do not issue reports which indicate an expert knowledge of accounting or auditing; or~~

~~(b) do not allow their name and designation as a CPA or LPA practice unit to be included on a report that indicates expert knowledge of accounting or auditing.~~

AUTH: 37-1-131, 37-50-201, 37-50-203, MCA

IMP: 37-1-141, 37-50-203, 37-50-314, MCA

REASON: The board determined it is reasonably necessary to amend this rule to eliminate redundancies with department rules.

The board is deleting the provisions regarding "practice units" as the term is being eliminated in the rules. Determining what firms are required to register and renew with the board is found in statute and does not need to be repeated in rule.

24.201.2106 BASIC CONTINUING EDUCATION REQUIREMENT

~~(1) Holders of a permit to practice~~ Permit holders are required to have 120 hours of continuing professional education (CPE) with a subset of two hours in ethics in any rolling three-year period, ending December 31 of each year, except as otherwise provided under ARM 24.201.2108 and/or 24.201.2154.

(a) Beginning with the 2012 period, the rolling three-year period will be based on the calendar year. To make the change from fiscal year to calendar year, ~~licensees~~ permit holders will be able to count CPE obtained between July 1, 2011 and December 31, 2012, toward the 2012 year.

(2) remains the same.

(3) Applicants for a permit to practice ~~who have never been licensed in any jurisdiction~~ must meet the basic requirement of CPE by December 31 of the third year following the year of the initial issuance of the Montana permit (example: If an individual received their permit to practice in 2010, they must meet the basic CPE requirement by December 31, 2013).

~~(a) Applicants for a permit to practice who are transferring into Montana via licensure in another jurisdiction, who have been licensed for less than three years, are granted the same time period in which to meet Montana's basic CPE requirement, based on their original licensure date in the other jurisdiction.~~

~~(b) Applicants for a permit to practice who are transferring into Montana via licensure in another jurisdiction, who have been licensed for more than three years, must submit proof of having met Montana's basic CPE requirement at the time of application.~~

(4) Any individual who qualifies for the practice privilege in this state must meet the CPE requirements applicable in the jurisdiction of his or her principal state.

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, MCA

REASON: The board is amending the catchphrase of this rule to more clearly identify that the basic requirement relates to the continuing professional education

(CPE) required from active permit holders. The current title provides little guidance on the content of the rule.

It is reasonably necessary to strike the reference to ARM 24.201.2108 as the board is proposing to repeal the rule in this notice.

Changing "licensees" to "permit holders" will clarify what level of licensure must complete CPE. It is inaccurate to reference licensees when only holders of a permit to practice are required to maintain CPE.

The CPE requirements for applicants are adequately addressed in the application rules at ARM 24.201.528 and 24.201.529. Once an applicant obtains a permit in Montana, they must meet the same CPE requirement during the same timeframes as any other Montana permit holder.

The board is adding (4) to require practice privilege holders to maintain CPE in their resident jurisdiction and ensure that individuals practicing in Montana are qualified. The practice privilege statute requires individuals coming to Montana to maintain a valid license. This is not an additional requirement for those individuals, but simply reiterates that a valid license includes meeting the individual's resident CPE requirements.

24.201.2114 OUT-OF-STATE APPLICANTS SEEKING A MONTANA PERMIT TO PRACTICE - CONTINUING EDUCATION REQUIREMENT (1) ~~An individual who holds a valid and unrevoked certified public accountant certificate or public accountant license issued by any jurisdiction, and who makes application under the appropriate provisions of the statutes for a certificate or license in this state, and who receives a certificate or license~~ permit to practice ~~from this state by transfer of license,~~ shall be required to comply with the basic requirement ~~before being issued a permit to practice in this state~~ Montana.

AUTH: 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, MCA

REASON: The board determined it is reasonably necessary to simplify and clarify the CPE requirements for someone obtaining a permit to practice in Montana by transfer of license. Montana CPE requirements apply to all permit holders, regardless of how they originally applied for the permit.

24.201.2120 STANDARDS FOR FORMAL CONTINUING EDUCATION PROGRAMS, PROGRAMS WHICH QUALIFY, AND ACCEPTABLE SUBJECT MATTER AND PROGRAMS (1) ~~To ensure that accounting professionals receive the quality continuing education necessary to satisfy their professional obligation to serve the public interest, the board has adopted standards for continuing professional education.~~

(2) (1) A program qualifies as acceptable continuing education if it is a formal group or self-study program of learning, which contributes directly to the professional competence of an individual permitted to practice public accounting, ~~and such program meets the minimum standards of quality of development, presentation, measurement, and reporting of credits set forth in the most recently issued version of the Statement of Standards for Continuing Professional Education (CPE) issued~~

~~jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) as adopted by reference in ARM 24.201.2121, or such other educational standards as may be established from time to time by the board.~~

(3) remains the same, but is renumbered (2).

~~(4) (3) The following are examples of group programs that qualify for credit provided they meet the standards adopted in (2) and (3) - this list is not all-inclusive:~~

(a) through (h) remain the same.

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, 37-50-314, MCA

REASON: The board determined it is reasonably necessary to strike (1) to eliminate unnecessary introductory language that is not regulatory.

Currently, the board is not requiring that all CPE be evaluated using the Statement of Standards for Continuing Professional Education issued by AICPA and NASBA. The board is amending new (1) to align the rule with current practice.

All CPE must comply with the rules and it is redundant to specify that certain programs must meet qualifications. The board is amending renumbered (3) to prevent the misunderstanding that not all CPE must comply with all requirements.

24.201.2124 STANDARDS FOR CPE REPORTING (1) Participants in group or self-study programs must obtain documentation of their participation (i.e., a certificate of completion or other correspondence from the sponsor). Documentation All acceptable documentation must include the following information:

(a) through (f) remain the same.

(g) NASBA Registry ID or NASBA QAS Sponsor ID (if applicable applies to self-study).

(2) and (3) remain the same.

~~(4) For courses taken for academic credit in universities and colleges, evidence of satisfactory completion of the course and receipt of academic credit will be sufficient (i.e. transcripts); for noncredit courses, a statement of the hours of attendance, signed by the instructor, must be obtained by the individual. Alternative documentation for academic courses must include:~~

(a) satisfactory completion of the course and evidence of receipt of academic credit for courses taken for academic credit in universities and colleges; or

(b) a statement of the hours of attendance signed by the instructor for noncredit courses.

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, 37-50-314, MCA

REASON: The board is amending this rule to more clearly delineate what information must appear on all acceptable CPE documentation. This is a current requirement, but the rule is not clear that if the documentation lacks required information, it will not be accepted.

The board is seeking to clarify the documentation requirements for alternative academic education. While these courses differ from standard group or self-study courses, they are acceptable CPE and documentation requirements apply.

24.201.2136 CREDIT HOURS GRANTED - GROUP STUDY PROGRAMS

~~(1) Continuing education credit will be given with a minimum of 50 minutes constituting one hour. One-half continuing education credit increments (equal to a minimum of 25 minutes) are permitted after the first credit has been earned in a given learning activity.~~

(2) remains the same, but is renumbered (1).

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, MCA

REASON: The board determined it is reasonable to eliminate (1) as the definition of "hour of instruction" has been moved to the definition rule at ARM 24.201.301.

24.201.2137 CREDIT FOR FORMAL SELF-STUDY PROGRAMS

(1) remains the same.

(a) All other formal self-study programs receive continuing education credit equal to half of the credit amount granted by the sponsor. ~~These programs are calculated on a 100-minute hour.~~

(2) Individuals claiming credit for such formal self-study courses are required to obtain evidence of satisfactory completion from the program sponsor ~~as outlined in ARM 24.201.2124.~~

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, MCA

REASON: The board is amending (1)(a) since the calculation of formal self-study instruction is included in the definition of hour of instruction in ARM 24.201.301.

The board determined it is redundant to refer back to the acceptable documentation section of ARM 24.201.2124 when all acceptable documentation is required to meet this standard.

24.201.2138 CREDIT FOR SERVICE AS LECTURER, INSTRUCTOR, SPEAKER, OR REPORT REVIEWER

(1) remains the same.

~~(2) Continuing education credit may be claimed for serving as a report reviewer under the board's profession monitoring program established in ARM 24.201.1101, or under other structured report review programs to be approved on a case-by-case basis by the board. Once approved, one hour of credit shall be granted for every hour spent reviewing reports. The maximum credit for such reviews shall be no more than 16 hours in any given calendar year.~~

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, 37-50-314, MCA

REASON: It is reasonably necessary to delete (2), which allows CPE credit for reviewers under a board-sponsored PMP, since the PMP program no longer exists.

24.201.2145 REPORTING REQUIREMENTS (1) ~~Holders of a permit to practice are required to affirm their compliance with the basic CPE requirement as outlined in ARM 24.201.2106, upon annual renewal. This affirmation will be for the three calendar years immediately preceding the renewal year.~~ Reporting of actual courses/credits is not required, unless the CPE is dictated by the board as a result of the profession monitoring program, the individual is selected for a random CPE audit as outlined in ARM 24.201.2148, or the individual must otherwise prove compliance for licensure purposes (i.e., renewing an expired license, reactivating a license, transfer of license).

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, 37-50-314, MCA

REASON: The board is amending (1) since the CPE affirmation requirement is adequately set forth in ARM 24.201.2106 and in statute at 37-1-131, MCA.

The board is striking reference to CPE from the PMP because the PMP program no longer exists.

24.201.2148 VERIFICATION (1) ~~The board will verify compliance with the basic CPE requirement by annual random audit of up to 50 percent of licensees.~~
(a) ~~Licensees~~ Permit holders notified that they have been randomly selected for an audit of their basic CPE requirement must comply with the deadline for submitting documentation.
(b) remains the same, but is renumbered (2).
(2) ~~The board will review all cases in which compliance with the basic CPE requirement could not be verified by staff.~~

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-131, 37-1-306, 37-50-203, 37-50-314, MCA

REASON: The board determined it is reasonably necessary to amend (1) regarding random audits, as the audit provisions are adequately addressed in 37-1-131, MCA.

The board is amending this rule to identify permit holders as those who are eligible for a random CPE audit and who must comply with audit requests. It is inaccurate to indicate that licensees are part of the random CPE audit.

It is the board's responsibility to complete the CPE audit and it is unnecessary to state that the board will review CPE that cannot be verified. The board will review all questionable documentation to determine compliance.

24.201.2154 EXTENSION OR HARDSHIP EXCEPTION (1) remains the same.

(a) To request an extension or exception, an individual must submit the appropriate form and fees. The board will ~~review requests~~ grant a hardship exception on a case-by-case basis.

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA
IMP: 37-1-306, 37-50-203, 37-50-314, MCA

REASON: The board is amending this rule to clearly state that the board reviews all requests for hardship exceptions and will grant such exceptions on a case-by-case basis. It is inaccurate to state that the board will review requests on a case-by-case basis.

24.201.2401 ANONYMOUS COMPLAINTS (1) The board ~~shall review~~ may accept anonymous complaints to determine whether appropriate investigative or disciplinary action may be pursued, or whether the matter must be dismissed for lack of sufficient information.

AUTH: 37-50-203, MCA
IMP: 37-1-307, 37-1-308, MCA

REASON: The board determined it is reasonably necessary to amend this rule to clarify that the board may accept anonymous complaints. Once a complaint is accepted it is reviewed by the board. It is unnecessary to state that the board will review anonymous complaints. It is appropriate for the board to determine if they will accept anonymous complaints.

24.201.2402 EXERCISE OF PRACTICE PRIVILEGE IN OTHER JURISDICTIONS (1) Any licensee permit holder of this board offering or rendering services in or to another jurisdiction pursuant to practice privilege, based upon their license from this board, is deemed to have consented to the administrative jurisdiction of the other board of accountancy.

AUTH: 37-50-201, 37-50-203, MCA
IMP: 37-1-307, 37-1-308, 37-50-325, MCA

REASON: The board determined it is reasonable to clarify that permit holders are the only category that is able to practice public accounting in Montana or other jurisdictions under practice privilege.

24.201.2410 ENFORCEMENT AGAINST LICENSEES CERTIFICATE HOLDER, LICENSE HOLDER, PERMIT TO PRACTICE HOLDERS, AND PRACTICE PRIVILEGE HOLDERS (1) remains the same.

(a) continues to practice public accounting, or uses the designation CPA or LPA, after failure on the part of a holder of a certificate, license, or permit to comply with the requirements for ~~issuance of a certificate, license, or annual permit including renewal;~~

(b) failure to comply with the ~~profession monitoring~~ peer review rules of subchapter 11;

(b) and (c) remain the same, but are renumbered (c) and (d).

~~(d)~~ (e) failure of a Montana permit holder or practice privilege holder to meet the continuing education requirements established by the board;

(e) through (g) remain the same, but are renumbered (f) through (h).

~~(h)~~ (i) failure of a Montana licensee permit holder who is using the practice privilege in another jurisdiction to cooperate with another jurisdiction's board of accountancy's investigation into acts of the ~~licensees~~ permit holder in that other jurisdiction.

AUTH: 37-1-131, 37-1-136, 37-1-319, 37-50-203, MCA

IMP: 37-1-136, 37-1-316, 37-1-319, 37-50-325, MCA

REASON: The board determined it is reasonable to amend the rule title to reflect that the enforcement actions can apply to certificate holders, license holders, and permit holders, not just license and permit holders. All levels of licensure are required to comply with the applicable rules for their level of licensure.

Amending the rule to clarify that continuing to practice or represent to the public that an individual is a CPA or LPA after failing to meet CPE requirements or renew is a violation that will result in board action.

The board has eliminated the board-sponsored PMP and now requires firms to undergo mandatory peer review if they perform services requiring peer review. Failure to comply with the peer review requirements of the mandatory peer review can result in board action.

The board determined it is reasonable to identify permit holders and practice privilege holders as those individuals who may have board action filed against them for failure to meet CPE requirements to maintain an active license. Certificate holders are not required to complete CPE. The clarification is necessary to avoid confusion regarding CPE violations.

Only Montana permit holders are eligible to use practice privilege to practice in other jurisdictions without obtaining a license from those jurisdictions. It is necessary to clarify that this violation would only apply to Montana permit holders.

6. The board is proposing to adopt the following rule:

NEW RULE I APPLICANT BY EXAM (1) All applicants for a certificate or permit to practice must:

(a) meet the requirements of 37-50-302, MCA;

(b) submit a complete application and pay all fees;

(c) meet the education requirements of ARM 24.201.501;

(d) pass the Uniform Certified Public Accountant exam in accordance with ARM 24.201.516; and

(e) pass the professional ethics for CPAs course developed by the AICPA.

(2) Incomplete applications for licensure or certification that are older than 12 months will be considered invalid and void. The applicant will be required to reapply and pay another fee.

AUTH: 37-50-201, 37-50-203, MCA

IMP: 37-50-302, 37-50-305, MCA

REASON: The board is proposing to adopt this new rule to consolidate the requirements of various statutes and rules and make it easier for applicants to determine what is needed to obtain a certificate or permit to practice. It is difficult for applicants to determine the requirements when they have to refer to a number of different areas.

7. The board is proposing to repeal the following rules:

24.201.518 EXAMINATION CREDITS - OUT-OF-STATE APPLICANTS SEEKING A CERTIFICATE/LICENSE IN MONTANA found at ARM page 24-22580.

AUTH: 37-50-204, MCA

IMP: 37-50-204, 37-50-302, 37-50-303, 37-50-309, MCA

REASON: The board is repealing this rule as unnecessary and confusing to those seeking licensure in Montana. The requirements in this rule are already set forth in ARM 24.201.517.

24.201.536 REQUIREMENTS FOR PREVIOUSLY HELD CERTIFICATES, LICENSES, AND/OR PERMITS TO PRACTICE found at ARM page 24-22585.

AUTH: 37-50-203, MCA

IMP: 37-1-141, 37-50-310, 37-50-314, MCA

REASON: The board is proposing to repeal this rule as the requirements to apply for and obtain licensure after a revocation or termination are adequately set forth in 37-1-141 and 37-1-314, MCA.

24.201.2108 WHO MUST COMPLY – GENERAL found at ARM page 24-22869.

AUTH: 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, 37-50-314, 37-50-325, MCA

REASON: The board determined it is reasonably necessary to repeal this rule since the material is adequately addressed in ARM 24.201.2106 and 24.201.2154.

24.201.2113 NONRESIDENT HOLDERS OF A PERMIT TO PRACTICE – COMPLIANCE found at ARM page 24-22875.

AUTH: 37-50-201, 37-50-203, MCA

IMP: 37-50-203, 37-50-314, 37-50-325, MCA

REASON: The board is proposing to repeal this rule as all active permit holders must comply with CPE requirements, whether they reside in Montana or elsewhere. If they maintain an active permit in Montana, they must meet the requirement. It is

redundant to have a rule for out-of-state permit holders when the CPE requirement is already addressed in ARM 24.201.2106.

24.201.2121 STANDARDS FOR CPE PROGRAM DEVELOPMENT - PRESENTATION AND MEASUREMENT found at ARM page 24-22882.

AUTH: 37-1-319, 37-50-201, 37-50-203, MCA

IMP: 37-1-306, 37-50-203, 37-50-314, MCA

REASON: The board determined it is necessary to repeal this rule as the board does not apply these standards when evaluating whether CPE is appropriate or not.

24.201.2411 ENFORCEMENT PROCEDURES - INVESTIGATIONS AND PROFESSION MONITORING PROGRAM (PMP) REVIEW found at ARM page 24-22956.

AUTH: 37-1-136, 37-1-319, 37-50-203, MCA

IMP: 37-1-136, 37-1-316, 37-1-319, MCA

REASON: The board has eliminated the board-sponsored PMP and an enforcement coordinator is no longer needed. The board currently has the authority to contract for investigations if an expert is needed to complete the investigation.

8. Concerned persons may present their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to the Board of Public Accountants, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513, by facsimile to (406) 841-2323, or e-mail to dlibsdpac@mt.gov, and must be received no later than 5:00 p.m., September 5, 2014.

9. An electronic copy of this notice of public hearing is available at www.publicaccountant.mt.gov (department and board's web site). The department strives to make the electronic copy of this notice conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the event of a discrepancy between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. In addition, although the department strives to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems, and that technical difficulties in accessing or posting to the e-mail address do not excuse late submission of comments.

10. The board maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this board. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies that the person wishes to receive notices regarding all board administrative rulemaking

proceedings or other administrative proceedings. The request must indicate whether e-mail or standard mail is preferred. Such written request may be sent or delivered to the Board of Public Accountants, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513; faxed to the office at (406) 841-2323; e-mailed to dlibsdpac@mt.gov; or made by completing a request form at any rules hearing held by the agency.

11. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

12. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of ARM 24.101.413 will not significantly and directly impact small businesses.

With regard to the requirements of 2-4-111, MCA, the board has determined that the amendment of ARM 24.201.202, 24.201.401, 24.201.415, 24.201.501, 24.201.502, 24.201.510, 24.201.516, 24.201.517, 24.201.524, 24.201.528, 24.201.529, 24.201.531, 24.201.535, 24.201.537, 24.201.704, 24.201.705, 24.201.707, 24.201.708, 24.201.718, 24.201.720, 24.201.2101, 24.201.2106, 24.201.2114, 24.201.2120, 24.201.2124, 24.201.2136, 24.201.2137, 24.201.2138, 24.201.2145, 24.201.2148, 24.201.2154, 24.201.2401, 24.201.2402, and 24.201.2410 will not significantly and directly impact small businesses.

With regard to the requirements of 2-4-111, MCA, the board has determined that the amendment of ARM 24.201.301, 24.201.410, 24.201.1103, and 24.201.1108 will significantly and directly impact small businesses.

With regard to the requirements of 2-4-111, MCA, the board has determined that the adoption of NEW RULE I will not significantly and directly impact small businesses.

With regard to the requirements of 2-4-111, MCA, the board has determined that the repeal of ARM 24.201.518, 24.201.536, 24.201.2108, 24.201.2113, 24.201.2121, and 24.201.2411 will not significantly and directly impact small businesses.

Documentation of the department's and board's above-stated determinations is available upon request to the Board of Public Accountants, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513, by facsimile to (406) 841-2323, or e-mail to dlibsdpac@mt.gov.

13. Anne O'Leary, attorney, has been designated to preside over and conduct this hearing.

BOARD OF PUBLIC ACCOUNTANTS
LINDA HARRIS, CPA,
PRESIDING OFFICER

/s/ DARCEE L. MOE
Darcee L. Moe
Rule Reviewer

/s/ PAM BUCY
Pam Bucy, Commissioner
DEPARTMENT OF LABOR AND INDUSTRY

Certified to the Secretary of State July 28, 2014